

Department of Health & Human Services
Centers for Medicare & Medicaid Services
233 North Michigan Avenue, Suite 600
Chicago, Illinois 60601-5519



FEB 07 2008

Paul Reinhart, Medicaid Director
Medical Services Administration
Michigan Department of Community Health
400 South Pine Street
P.O. Box 30479
Lansing, Michigan 48909-7979

Dear Mr. Reinhart:

Enclosed for your records are documents related to State Plan Amendment 07-014, which was approved in a January 23, 2008 letter to you from Deirdre Duzor, Director of Pharmacy. The enclosure includes a signed copy of the CMS-179 and copies of the approved pages.

If you have any additional questions, please contact, Cynthia Garraway, of my staff, at (312) 353-8583 or by e-mail at Cynthia.Garraway@cms.hhs.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Hye Sun Lee". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Hye Sun Lee
Acting Associate Regional Administrator
Division of Medicaid & Children's Health

Enclosure

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: 07 - 14	2. STATE: Michigan
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
4. PROPOSED EFFECTIVE DATE November 1, 2007	

TO: REGIONAL ADMINISTRATOR
HEALTH FINANCING ADMINISTRATION
DEPARTMENT OF HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (Check One):

NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN AMENDMENT


COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION: 42 CFE 447.201	7. FEDERAL BUDGET IMPACT: a. FFY 08 _____ \$ 0 (\$45,381.00) CC b. FFY 09 _____ \$ 0 (\$49,507.00) CC
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B, page 1c	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-B, page 1c

10. SUBJECT OF AMENDMENT:
Eliminates unit dose reimbursement language not in effect

11. GOVERNOR'S REVIEW (Check One):

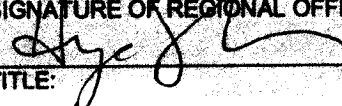
GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED:
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Paul Reinhart, Director
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: Medical Services Administration Program/Eligibility Policy Division - Federal Liaison Unit Capitol Commons Center - 7 th Floor 400 South Pine Lansing, Michigan 48933 Attn: Nancy Bishop
13. TYPED NAME: Paul Reinhart	
14. TITLE: Director, Medical Services Administration	
15. DATE SUBMITTED: December 6, 2007	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: DEC 06 2007	18. DATE APPROVED: FEB 07 2008
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PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPE NAME: Hye Sun Lee	22. TITLE: Acting Associate Regional Administrator

23. REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Payment Rates
(Other than Inpatient Hospital and Long Term Care Facilities)***

1. Drug Product Reimbursement

- a) Reimbursement for drug products is the lower of an Average Wholesale Price (AWP) minus discounts, a Maximum Allowable Cost (MAC), or the provider's charge. The discount from AWP for chain pharmacies and pharmacies serving nursing facility beneficiaries is 15.1% and the discount from AWP for independent pharmacies, including chains of fewer than five stores, is 13.5%
- b) The State has established dispensing fees. Program reimbursement for long-term care pharmacies is the lesser of the standard dispensing fee (\$2.75) or the long-term care pharmacy's usual and customary fee. Program reimbursement for all other pharmacies (non long-term care) is the lesser of the standard dispensing fee (\$2.50) or the pharmacy's usual and customary fee. A dispensing fee of \$6.00 will be reimbursed to a pharmacy if the final dosage form is a cream, emulsion, nasal drops, ointments, or optic drugs. A dispensing fee of \$10.00 will be reimbursed to a pharmacy for compounded capsules, powders or suppositories.
- c) MAC Limits set by the State in aggregate are equal to or less than Federal Upper Limits, in compliance with federal law.
- d) Prior authorization is required for exception to MAC Limits.
- e) The optional Mail Order Pharmacy program reimburses a zero dollar (\$0.00) amount for the dispensing fee. Brand name drugs are reimbursed AWP minus 21%; generic drugs are reimbursed at the MAC Limits; and, non-MAC generic drugs are reimbursed AWP minus 52%.
- f) Medicaid enrolled pharmacy providers may bill for the injectable drug Synagis dispensed on or after January 1, 2005.

FEB 07 2008

TN NO.: 07 - 14

Approval Date: _____

Effective Date: 11/01/2007

Supersedes

TN No.: 05 - 08